

Message Text

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FEAE-00 FPC-01 H-01 INR-05 INT-05 NSAE-00 NSC-05

OMB-01 PM-03 RSC-01 SAM-01 OES-02 SP-02 SS-15 STR-01

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E.O. 11652: GDS

TAGS: ENRG

FOR J. WALLACE HOPKINS, JR. FROM BP, GILLAM, LONDON

1. FOLLOWING CABLES (COPIES OF WHICH WERE SENT TO MANY OIL COMPANIES) WERE RECEIVED IN DEPARTMENT TODAY.

2. FIRST CABLE: QUOTE FIRSTLY I REFER TO OUR VARIOUS DISCUSSIONS ABOUT THE PROBLEM OF GETTING CLEARANCE FROM THE DEPARTMENT OF JUSTICE FOR THE SUB COMMITTEE OR COMMITTEES OF THE OIL INDUSTRY WORKING PARTY TO COMMENCE WORK. WHILE I REALISE THAT YOU ARE ALREADY HARD AT WORK ON THIS PROBLEM, I WOULD MAKE FOLLOWING SUGGESTION THAT I HOPE WILL BE USEFUL TO YOU. WHAT I HAVE IN MIND IS THAT WE SHOULD AGREE NOW THAT IN THE FIRST PHASE OF THIS EXERCISE THE WORKING PARTY REQUIRES ONLY ONE SUB COMMITTEE. THE COMPOSITION OF THIS SUB COMMITTEE WOULD BE EXXON, SHELL, CONFIDENTIAL

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MOBIL AND BP PLUS ONE INDEPENDENT EUROPEAN COMPANY IF ANY

OF THOSE COMPANIES EXPRESS A STRONG WISH TO JOIN. THE WORK CARRIED OUT BY THIS SUB COMMITTEE WOULD BE THE DETAILED DESIGN OF THE EMERGENCY SHARING PROCEDURES. THE TERMS OF REFERENCE FOR THIS SUB COMMITTEE WOULD BE EXACTLY THE SAME AS THOSE OF THE WORKING PARTY PROPER.

3. SECONDLY GRATEFUL YOU CONSIDER THIS PROPOSAL AND LET ME KNOW WHETHER IT WILL SPEED THE CLEARANCE PROCESS. IN ANY CASE, IT IS THE WAY I WOULD LIKE TO PROCEED EVEN IF WE HAVE TO WAIT A LITTLE AFTER THE MEETING PLANNED FOR THE WEEK OF NOVEMBER 18 TO GET CLEARANCE I CAN SEE NO POINT IN ATTEMPTING TO DRAFT FRESH TERMS OF REFERENCE FOR THIS SUB COMMITTEE SINCE IT MUST HAVE THE SAME TERMS OF REFERENCE AS GIVEN TO THE WORKING PARTY IF IT IS TO DO THE DESIGN SUCCESSFULLY. THE AIM WITH THE SUB COMMITTEE WOULD BE TO GET IT OPERATING FULL TIME AT BP'S OFFICES, OR SOME OTHER PLACE TO BE AGREED. AS WORK IS ALREADY BEING DONE ENTIRELY SEPARATELY AND INDEPENDENTLY IN VARIOUS OF THE COMPANIES ON EMERGENCY SHARING, I BELIEVE THAT WE WOULD BE ABLE TO PRODUCE A SCHEME FOR CONSIDERATION BY THE WORKING PARTY WITHIN TWO/THREE WEEKS. IF YOU COULD GET CLEARANCE FOR US TO START WORK NEXT WEEK AS WELL AS TO MEET, THEN WE COULD GIVE GOVERNMENTS A PLAN BY PERHAPS MID DECEMBER, AND CERTAINLY BY THE END OF THE YEAR. QUOTE

4. SECOND CABLE: QUOTE FIRSTLY I REFER TO DISCUSSIONS IN LONDON AT THE MEETING SUMMONED BY THE GOVERNMENTS WHO ARE MEMBERS OF THE ENERGY COORDINATING GROUP. IN THIRDLY BELOW YOU WILL FIND PROPOSED TERMS OF REFERENCE AND AN AGENDA FOR THE FIRST MEETING OF THE INDUSTRY WORKING PARTY THAT IT WAS AGREED WOULD BE SET UP TO DESIGN AN EMERGENCY ALLOCATION SYSTEM. THESE TERMS OF REFERENCE AND THE AGENDA WHICH ARE ACCEPTABLE TO THE UNITED STATES COMPANIES PRESENT AT THE LONDON MEETING ARE AT PRESENT BEING CLEARED WITH THE U.S. DEPARTMENT OF JUSTICE BY HOPKINS OF THE U.S. STATE DEPARTMENT SO THAT THE U.S. COMPANIES MAY ATTEND THE FIRST MEETING. THEY ARE ACCEPTABLE TO THE BRITISH GOVERNMENT.

5. SECONDLY BECAUSE OF U.S. LEGAL DIFFICULTIES WE WERE CONFIDENTIAL

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UNABLE TO MEET ON NOVEMBER 12TH/13TH AND NOW PLAN TO MEET NOVEMBER 21ST/22ND AT BP'S OFFICES BRITANNIC HOUSE COMMENCING 10 A.M. HOPE MEETING WILL TAKE ONE DAY ONLY. HOWEVER, I CANNOT CONFIRM THESE DATES UNTIL U.S. GOVERNMENT CLEARANCE IS RECEIVED AND SUSPECT THAT THIS WILL NOT BE BEFORE NOVEMBER 18TH. MOST GRATEFUL, HOWEVER, YOU OR YOUR REPRESENTATIVE MAKE ARRANGEMENTS TO ATTEND THIS MEETING ON THE ASSUMPTION THAT WE WILL RECEIVE CLEARANCE.

6. THIRDLY DRAFT AGREEMENT ON AN INTERNATIONAL ENERGY PROGRAMME AYE TERMS OF REFERENCE FOR AN OIL INDUSTRY WORKING PARTY.

1). AT THE MEETING IN LONDON BETWEEN THE ECG GROUP OF GOVERNMENTS AND A NUMBER OF OIL COMPANIES, THE GOVERNMENTS REQUESTED THESE COMPANIES TO FORM A WORKING PARTY TO ADVISE THE INTERNATIONAL ENERGY AGENCY TO BE ESTABLISHED PURSUANT TO THE AGREEMENT ON AN INTERNATIONAL ENERGY PROGRAM HOW THE PROVISIONS OF ARTICLES 1-26 AND 32-36 INCLUSIVE AND ARTICLES 49, 55, 60, 63, 64, 68 AND THE ANNEX OF THE AGREEMENT CAN BEST BE IMPLEMENTED.

2). TO THIS END, THE WORKING PARTY WILL:

2.01 STUDY AND MAKE RECOMMENDATIONS AS TO THE TYPE OF DATA AND THE NATURE OF THE DATA FLOW REQUIRED BOTH BEFORE AND DURING AN EMERGENCY, TO OPERATE AND IMPLEMENT EMERGENCY ALLOCATION ON THE PRINCIPLES SET OUT IN THE ARTICLES AND ANNEX REFERRED TO ABOVE.

2.02 STUDY AND MAKE RECOMMENDATIONS FOR THE DESIGN OF MECHANISMS AND SYSTEMS TO OPERATE AND IMPLEMENT EMERGENCY ALLOCATION ON THE PRINCIPLES SET OUT IN THE ARTICLES AND ANNEX REFERRED TO ABOVE.

2.03 IN PURSUIT OF 2.01 AND 2.02 ABOVE, PAY PARTICULAR ATTENTION TO:

ONE THE TYPE OF INDUSTRY ORGANISATION NECESSARY
TWO THE RELATIONSHIP BETWEEN THE INDUSTRY ORGANISATION, THE INTERNATIONAL ENERGY AGENCY, AND ANY OTHER
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ORGANISATIONS CONCERNED WITH THE EMERGENCY ALLOCATION OF OIL SUPPLIES.

THREE THE TYPE AND NUMBER OF PERMANENT AND STAND BY STAFF REQUIRED TO OPERATE THE SYSTEM.

FOUR THE RANGE OF COMPANIES TO BE INVOLVED IN THE ALLOCATION SYSTEM.

FIVE PRINCIPLES FOR INTER COMPANY TRANSFERS OF OIL IN AN EMERGENCY

SIX PRINCIPLES FOR RECOVERY BY COMPANIES OF ADDITIONAL COSTS INCURRED IN AN EMERGENCY AND OTHERWISE UNDER THE AGREEMENT.

SEVEN DEFINITIONS AND PRINCIPLES FOR CREATION AND UTILISATION OF EMERGENCY RESERVES.

EIGHT PRINCIPLES FOR UTILISATION OF TRANSPORTATION FACILITIES.

NINE PRINCIPLES FOR RELATIONS WITH NON PARTICIPATING
COUNTRIES AND THEIR COMPANIES IN AN EMERGENCY.
TEN HARMONISATION OF DATA
ELEVEN MEANS FOR ENSURING COMPLIANCE

2.04 ONCE IT HAS DEVELOPED ITS PROPOSALS, DISCUSS
THEM WITH THE INTERNATIONAL ENERGY AGENCY SECRETARIAT,
AND WITH ITS STANDING GROUP ON EMERGENCY QUESTIONS.

2.05 AS A SECOND PRIORITY, CONSIDER THE MEANS BY
WHICH IT CAN ADVISE THE STANDING GROUP ON EMERGENCY
QUESTIONS ON THE ITEMS DEALT WITH IN THE ANNEX.

2.06 TAKE ACCOUNT OF RELEVANT OECD WORK IN THESE
AREAS.

3). MEMBERSHIP OF THE WORKING PARTY WILL BE COMPOSED
INITIALLY OF THOSE COMPANIES THAT ATTENDED THE LONDON
MEETING. THE WORKING PARTY SHALL APPOINT SUB COMMITTEES
TO CARRY OUT TASKS WITHIN THESE TERMS OF REFERENCE. IT
MAY ALSO INVITE OTHER COMPANIES WHICH PLAY A SIGNIFICANT
ROLE IN THE INTERNATIONAL OIL INDUSTRY IN THE AREA CON-
CERNED TO JOIN THE WORKING PARTY.

BEE AGENDA FOR THE FIRST MEETING OF OIL INDUSTRY WORKING
PARTY ON EMERGENCY ALLOCATION MACHINERY:
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- 1). PURPOSE OF MEETING
- 2). REVIEW OF PROPOSED TERMS OF REFERENCE TO IDENTIFY
MAIN ISSUES AND PRIORITIES FOR ACTION UNDER 3 BELOW.
- 3). APPOINTMENT OF FULL TIME SUB COMMITTEE OR COMMIT-
TEES TO PRODUCE DRAFT PROPOSALS COVERING PARAGRAPH 2 OF
THE TERMS OF REFERENCE.
- 4). TIMETABLE OF WORK/DEFINITION OF CASES TO BE STUDIED
- 5). DATE OF NEXT MEETING.

7. FOURTHLY UNDERSTAND THE JAPANESE INDUSTRY WILL BE
REPRESENTED BY THE PETROLEUM ASSOCIATION OF JAPAN AND BY
THE JAPANESE PETROLEUM MINING ASSOCIATION. THE LATTER
BODY IS AN INDUSTRY GROUP, COMPOSED OF ALL JAPANESE EX-
PLORATION COMPANIES.

8. FIFTHLY I HAVE LEFT OUT OMV AS AUSTRIA HAS NOT YET
JOINED THE TREATY AND BOTH STATOIL AND NORSK HYDRO, BE-
CAUSE THE NORWEGIAN GOVERNMENT HAS DECLINED TO JOIN. KISSINGER

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